

# Condition and Performance of Commercial Banks

Bank profitability weakened in 2000 and will be under continued pressure in 2001, but the condition of the banking industry remains healthy. This quarter we analyze the sources of the decline in profitability and explore prospects for the coming year. We then focus on causes and implications of the growing reliance of banks on wholesale funding.

## Summary of Condition and Performance

The banking industry's string of eight consecutive years of record annual earnings came to an end in 2000 as the U.S. economy slowed in the second half of the year. Net income dropped by \$400 million to \$71.2 billion, and the industry's return on assets (ROA) and return on equity (ROE) both declined, as shown in Table 1. While down from its peak in the mid-1990s, bank profitability remains historically high.

**Table 1—Summary of annual data for commercial and national banks, 1999 and 2000**

All commercial banks		
Annual data:	1999	2000
Net Income	\$71.6 billion	\$71.2 billion
ROA	1.31%	1.19%
ROE	15.31%	14.07%
Noncurrent C&I loans ratio	1.17%	1.67%
Equity capital to assets	8.37%	8.49%
Banks well capitalized	97.5%	97.7%

All national banks		
Annual data:	1999	2000
Net Income	\$42.6 billion	\$39.0 billion
ROA	1.35%	1.18%
ROE	15.57%	13.73%
Noncurrent C&I loans ratio	1.11%	1.67%
Equity capital to assets	8.50%	8.61%
Banks well capitalized	97.9%	98.5%

The downward pressure on profitability in 2000 was due to slower revenue growth, losses on the sale of securities, and higher provisions for loan losses spurred by slippage in credit quality for commercial and industrial (C&I) loans. These negative trends were most evident at large banks, but to a lesser degree were also felt at small banks. Consequently, the decline in annual ROA and ROE was more pronounced in large banks.

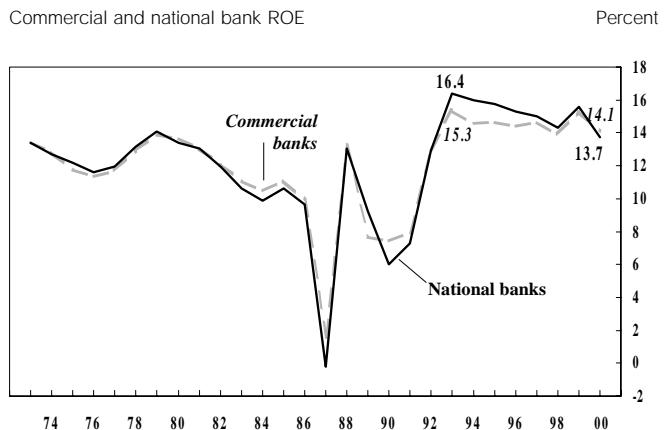
Even with their profitability under pressure, banks improved their capital ratios over the last year. The equity capital ratio of the banking industry rose to 8.49 percent, and almost 98 percent of all commercial banks are well capitalized as defined by regulatory risk-based capital standards.

Assets of all commercial banks grew 8.8 percent from the fourth quarter of 1999, while the number of banks fell by 265. For national banks, assets increased by 4.4 percent, while the number of national banks declined by 134. As of year-end 2000, national banks accounted for 55 percent of commercial bank assets and 27 percent of all FDIC-insured commercial banks.

## Key Trends

Although the banking industry's eight-year run of record earnings came to an end in 2000, bank profitability remains historically high. During the run of record earnings from 1992 to 1999, annual ROE for commercial banks averaged 14.5 percent, peaking in 1993 at 15.3 percent (as shown in Figure 1). Earnings and profitability slipped

**Figure 1—Bank profitability under pressure**

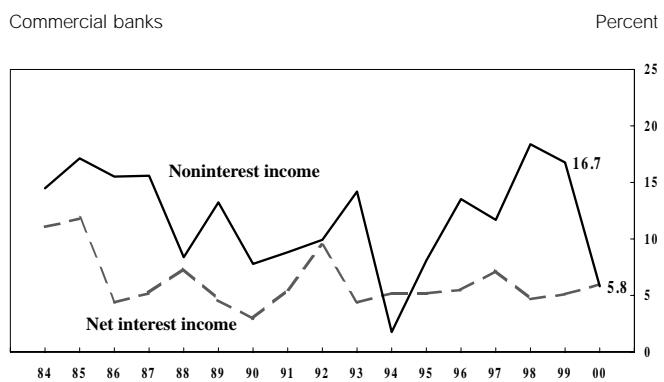


Source: Integrated Banking Information System

in 2000 as noninterest income growth—the primary engine of recent revenue growth—slowed, while losses on the sale of securities and loan loss provisions both increased. Return on equity declined to 14.1 percent for commercial banks and to 13.7 for national banks in 2000. The greater slide in national bank ROE reflects that the slowdown in noninterest income growth and rise in provisioning are currently affecting large banks more than small banks, and that a high proportion of these large banks are national banks. The ROE for non-specialty commercial banks with assets over \$1 billion declined by 139 basis points to 13.6 percent, while the ROE for non-specialty banks with assets under \$1 billion declined by 44 basis points to 12.2 percent.<sup>1</sup>

*Revenue growth.* Net operating revenues (noninterest income plus net interest income) grew 6 percent in 2000 compared to 10 percent growth in each of the previous two years. Noninterest income had been the primary engine of revenue growth in the 1990s as banks sought alternative sources of revenue to offset the compression in their net interest margin. The share of banks' revenues coming from noninterest income rose from 31 percent in 1989 to 43 percent in 1999. However, noninterest income growth slowed from 17 percent to 6 percent in 2000, as shown in Figure 2, while net interest income growth rose modestly from 5 percent to 6 percent. The modest pick-up in net interest income occurred even as net interest margins continued to fall because loan growth accelerated in 2000.

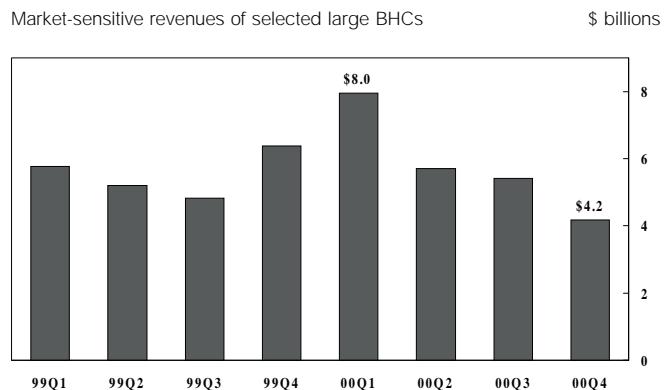
## Figure 2—Growth rate of noninterest income slows



Source: Integrated Banking Information System

The decline in market-sensitive revenues at large banks was one of the principal causes of the slowdown in noninterest income growth in 2000. A significant portion of the growth in noninterest income in the 1990s came from the strategic movement by large banks into "market-sensitive" sources of revenue such as brokerage and trading activities and investment banking.<sup>2</sup> Although potentially highly profitable, these activities also have the potential for greater volatility caused by fluctuations in interest rates and equity markets. In conjunction with the slowdown in the U.S. economy and swings in financial markets, total market-sensitive revenues of large bank holding companies slid from \$8 billion in the first quarter of 2000 to \$4.2 billion in the fourth quarter,<sup>3</sup> as shown in Figure 3. Small banks also experienced slower noninterest income growth in 2000; consequently, the noninterest income to assets ratio dropped 5 basis points to 1.02 percent for non-specialty commercial banks with assets under \$1 billion.

**Figure 3—Market-sensitive revenues decline**



Source: Quarterly earnings announcements for 11 (12 prior to 2000:Q4) of the largest bank holding companies.

<sup>2</sup> For a more detailed analysis of the growing reliance on noninterest income and its implications, see the "Condition and Performance of Commercial Banks" article in OCC *Quarterly Journal*, Vol. 19, No. 2, June 2000.

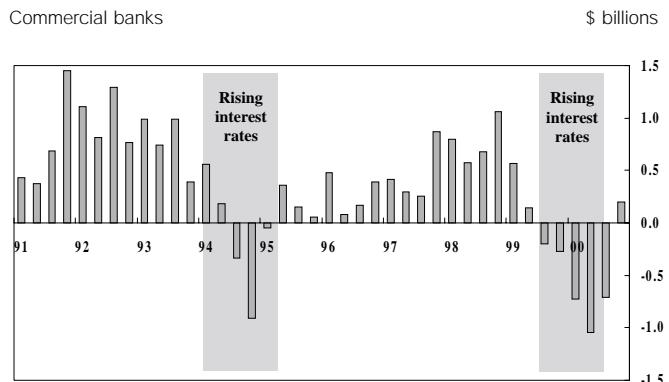
<sup>3</sup> The 11 (12 prior to 2000:Q4) bank holding companies analyzed were (in asset size order): J.P. Morgan Chase, Bank of America, Wells Fargo, Bank One, First Union, FleetBoston, SunTrust, National City, KeyCorp, U.S. Bancorp, and PNC.

Revenue growth will remain an issue for banks in 2001 as slow economic growth and uncertainty in financial markets are expected to continue for most of the year. Noninterest income growth is likely to remain subdued. For example, some large banks have announced that market-sensitive revenues are not expected to reach those experienced in 2000 given current economic and market conditions. Also, the March 2001 Federal Reserve Beige Book indicated that bank lending was sluggish, except for home mortgage refinancing. Several Federal Reserve districts reported declining loan demand as firms in a variety of industries have cancelled or postponed plans to expand—particularly in high-tech, telecommunication, and Internet firms.

On a positive note, banks in 2001 are likely to experience some temporary relief from the downward pressure on their net interest margins as a result of declining interest rates and an inflow of deposits. Margins generally stabilize or improve in a declining rate environment as funding costs initially fall faster than interest income. Also, deposit growth usually increases in an economic slowdown and in periods of market turmoil as the opportunity cost of holding bank deposits (difference in expected yields) diminishes and investors seek a refuge from declining equity markets. This allows banks to temporarily decrease their reliance on higher-rate wholesale funding. Through the first two months of 2001, deposits were up about 12 percent from a year ago, compared to 3 percent growth in the first quarter of 1999. This is in contrast to most of the 1990s when deposit growth lagged loan growth and banks turned increasingly to wholesale funding. For a further discussion of bank funding and liquidity issues, see below.

*Security sales gains/losses.* Rising interest rates in 1999 and the first half of 2000 led to a reduction in the value of securities held by banks and transformed security sales from a source of earnings to a drain on earnings. Beginning in the third quarter of 1999, banks reported realized losses on security sales for five consecutive quarters, as shown in Figure 4. Interest rates stabilized in the second half of 2000, however, and banks realized a small gain of \$200 million on security sales in the fourth quarter. But for 2000 as a whole, banks realized net losses on security sales of \$2.3 billion. Given the drop in interest rates in the first quarter of 2001, security sales are likely to be a source rather than a drag on earnings this year.

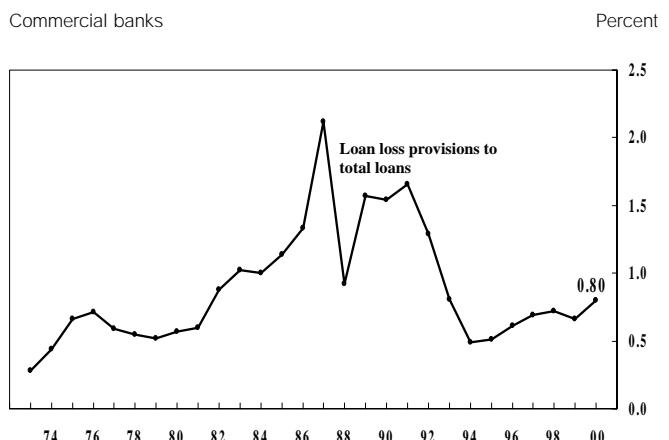
**Figure 4—Losses on the sale of securities a drain on earnings for most of 2000**



Source: Integrated Banking Information System

*Provisioning and asset quality.* A critical element in maintaining the banking industry's string of record earnings in the 1990s was strong and stable asset quality. Provisioning for loan losses (relative to total loans) remained relatively low during this period, rising modestly between 1995 and 1998, then declining in 1999, as shown in Figure 5. Spurred by slippage in asset quality, particularly for C&I loans at large banks, the dollar value of loss provisions rose 34 percent in 2000 and the provisions to loans ratio rose to 0.80 percent, its highest rate since 1993. The rise in provisioning was most pronounced at large banks and credit card banks, but provisioning at non-specialty commercial banks under \$1 billion also increased to its highest rate since 1993. Nonetheless, provisioning remains below the rates experienced during the banking turmoil of the 1980s and early 1990s.

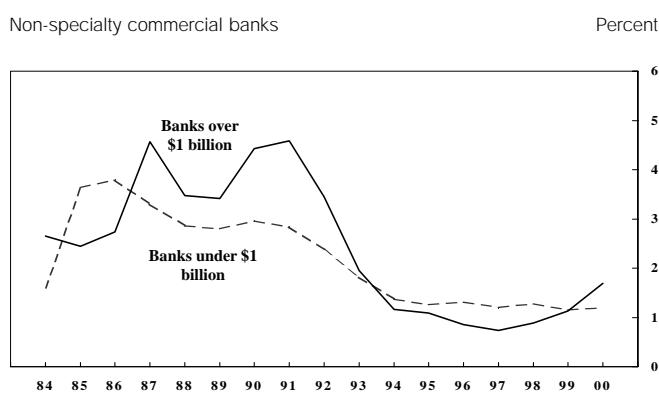
**Figure 5—Loan loss provisioning on the rise**



Source: Integrated Banking Information System

The deterioration in credit quality indicators for C&I loans at large banks that began three years ago picked up steam in 2000. As shown in Figure 6, the noncurrent ratio for C&I loans for large non-specialty banks increased by 56 basis points to 1.7. Nonetheless, the noncurrent C&I loan rate for large non-specialty banks remains substantially below its peak of 4.6 percent in 1991. Similarly, the noncurrent ratio for total loans at large banks rose by 21 basis points to 1.1 percent in 2000, but remains substantially below its peak of 4.4 percent in 1990 and 1991.

**Figure 6—Noncurrent C&I loans ration on the rise for large banks**



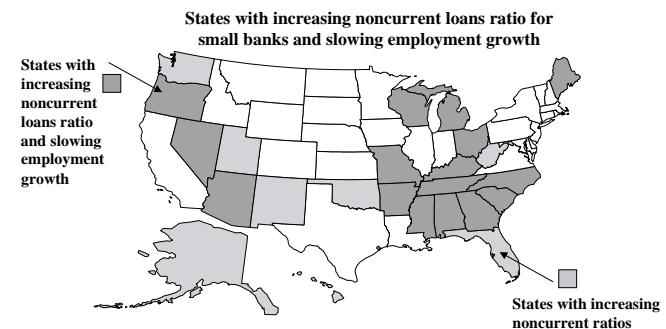
Note: For banks under \$1 billion, noncurrent C&I ratio includes all loans other than real estate loans and loans to individuals.

Source: Integrated Banking Information System.

The slippage in credit quality indicators in 2000 was much more modest at small banks than for large banks. For small non-specialty banks, the noncurrent C&I loans ratio increased by only 3 basis points in 2000 (as shown Figure 6) and the total noncurrent ratio rose by only 4 basis points. However, these nationwide aggregate noncurrent ratios underestimate the impact that the slowdown in economic growth is having on small bank credit quality in some geographic areas. The total noncurrent loans ratio for non-specialty small banks increased by at least 5 basis points in 25 states last year, compared to a rise in just one state in 1999.

Not surprising, small bank credit quality indicators have slipped in those regions of the country that were the first to feel the impact of the economic slowdown. The slowdown has been most pronounced in the manufacturing sector, with the Midwest and industrialized South being hit hardest. Correspondingly, 17 of the 25 states with deterioration in the noncurrent loans ratio for small non-specialty banks experienced a slowdown in employment growth in 2000. As shown in Figure 7, these states were predominately in the Midwest and South. Small banks in other states are also likely to see slippage in credit quality if the economic slowdown persists and widens.

**Figure 7—State-level noncurrent loans ratios rising as economy slows, particularly in Midwest and South**



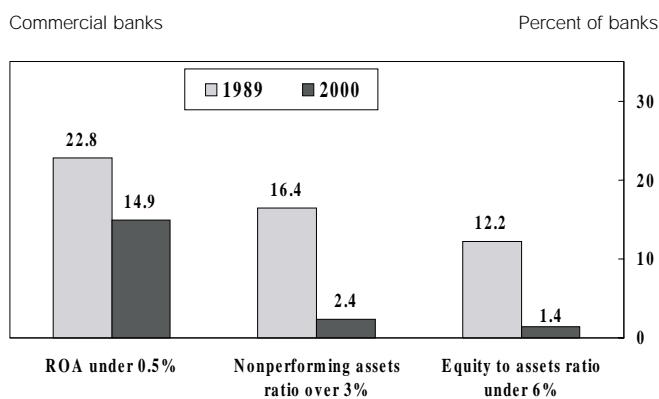
Source: Integrating Banking Information System and Haver Analytics.

Credit quality issues are expected to remain for banks throughout 2001 as the financial position of some businesses and households weaken due to slow economic growth. For example, Moody's forecast in February was that the default rate on speculative grade corporate bonds would rise by two-thirds to 9.5 percent over the year.<sup>4</sup> Deterioration in credit quality will be an additional drag on bank earnings, but recall that the banking industry generally continues to have strong earnings, credit quality, and capital ratios. The proportion of the banking

<sup>4</sup> Hamilton, David T., Greg Gupton, and Alexandra Berthault, "Default and Recovery Rates of Corporate Bond Issuers: 2000," Moody's Investor Service, Global Credit Research, Special Comment, February 2001.

industry facing the economic slowdown from a position of weak performance is substantially less than in 1989 prior to the last recession, as shown in Figure 8. For example, less than 1.5 percent of the banking industry currently has an equity capital ratio under 6 percent, compared to 12 percent in 1989.

**Figure 8—Fewer banks with “weak” performance indicators**



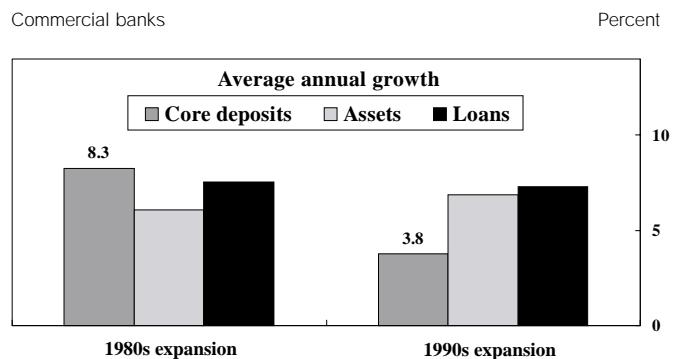
Source: Integrated Banking Information System

The potential for further deterioration in credit quality does raise the specter of bank funding and liquidity issues for banks that develop substantial credit quality issues. As discussed below, this issue becomes even more important given the change in bank funding towards greater reliance on wholesale (non-core deposit) funding that was necessitated by deposit growth lagging behind loan growth in the 1990s.

## Greater Reliance on Wholesale Funding

During the current economic expansion, core deposit growth at commercial banks has not kept pace with asset and loan growth. As seen in Figure 9, while annual asset and loan growth between 1993 and 2000 averaged 6.9 percent and 7.3 percent, respectively, core deposits advanced at a mere 3.8 percent average annual pace.

**Figure 9—Core deposit growth has not kept pace with asset and loan growth in the current expansion**

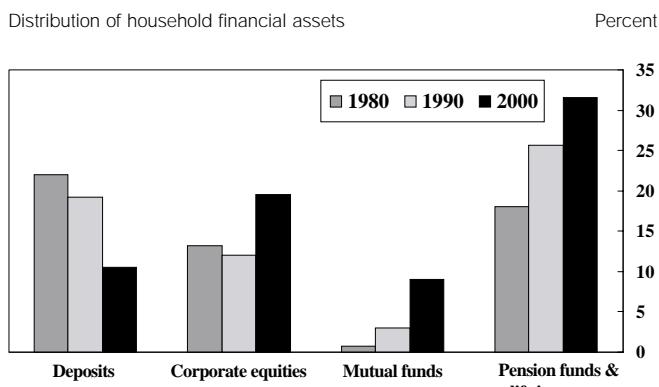


Note: Average of annual growth rates for 1983–1989 versus 1993–2000.

Source: Integrated Banking Information System

The lagging growth in core deposits is in large part attributable to households shifting to investing in “higher-yielding” assets. Over the last two decades households shifted a substantial share of their financial assets from deposits into alternative savings instruments such as corporate equities, mutual funds, and pensions funds and life insurance reserves. As seen in Figure 10, deposits in banks and thrifts accounted for 10.5 percent of household financial assets in 2000, down substantially from 19 percent in 1990 and 22 percent in 1980. So in response to the long-run, secular trend of slow deposit growth, banks have turned increasingly to higher interest-rate wholesale funding.

**Figure 10—Slower deposit growth reflects households shifting to investing in “higher-yielding” assets**

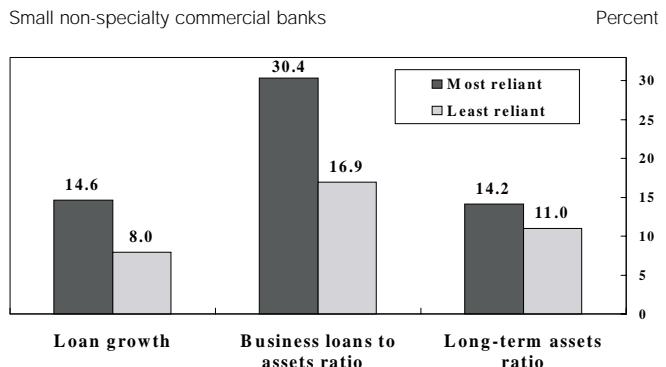


Source: Board of Governors of the Federal Reserve System, “Flow of Funds.”

Both large and small banks have increased their reliance on wholesale (non-core deposit) funding sources to fund their incremental loan and asset growth. Consequently, traditional measures of bank liquidity, such as the core deposits to assets ratio and the loans to core deposits ratio, reflect increased liquidity risk for both small and large banks. For example, core deposits as a percentage of assets for non-specialty banks with less than \$1 billion in assets declined from 79.8 percent in 1992 to 69.6 percent in 2000. Small banks traditionally have relied more heavily on core deposits than large banks. Because of costs and information constraints, small banks have found it more difficult than larger banks to raise funds through public debt offerings, securitizations, and other capital markets instruments. For large non-specialty banks, the core deposits to assets ratio went from 56.6 percent in 1992 to 43.9 percent in 2000. This shift from core deposits to wholesale funding increases liquidity risk, because wholesale funds are generally provided to banks by professional money managers who are sensitive to changes in the credit quality of an institution and are more apt to withdraw funds from banks experiencing credit problems.

In addition to heightened liquidity risk, the increase in wholesale funding has also put pressure on bank net interest margins. The net interest margin for all commercial banks has dropped about 50 basis points since 1993. To mitigate the downward pressure on their net interest margins from higher interest expenses, banks may be taking on higher levels of credit and interest rate risk to boost loan yields. As shown in Figure 11, small non-specialty banks most reliant on wholesale funding had faster loan growth, higher concentrations in business loans, and a higher concentration in long-term assets than banks least reliant on wholesale funding.<sup>5</sup> As a result, the median interest yield for the banks most reliant on wholesale funding is about 50 basis higher than for the banks least reliant on wholesale funding, partially offsetting the impact of their roughly 85 basis cost disadvantage in their interest expense ratio. However, rapid loan growth is often a precursor to future credit quality issues, and banks with a predominance of business loans have historically been the most prone to earnings problems in an economic downturn. Also, a higher share of long-term assets makes these banks more sensitive to a rapid increase in interest rates.

**Figure 11—Banks most reliance on wholesale funding may also have higher credit and interest rate risk**



Source: Integrated Banking Information System

<sup>5</sup> Business loans include C&I loans, commercial and construction real estate loans, and multifamily residential mortgages. The banks most reliant on wholesale funding were in the highest quartile of the distribution of the non-core deposits liabilities to assets ratio for non-specialty banks with assets under \$1 billion as of year-end 2000. The least reliant banks were in the lowest quartile.

## **Conclusions**

Commercial banks are finding it increasingly difficult to sustain the extraordinary high level of profitability they experienced in the latter part of the 1990s. Earnings growth and profitability slipped in 2000 as the noninterest income growth slowed, realized security losses increased, and loan loss provisions rose as C&I credit quality deteriorated. Revenue growth and credit quality will continue to be an issue for banks in the current environment of slow economic growth. Nonetheless, the profitability of the banking industry remains strong, and banks continue to have a historically high level of capitalization.

On a long-term basis, core deposit growth will likely remain below that of bank loans and assets. Prudent risk

management, therefore, is crucial, particularly for banks that are highly wholesale funded and have invested in more risky loans. In particular, community banks that focus on business lending and have high levels of wholesale funding should ensure effective internal controls and management expertise. These banks have historically been more prone to asset quality and earnings problems, and they may be less experienced in using capital market instruments for funding due to their historic reliance on core funding. Therefore, they need to ensure effective internal controls and management expertise in asset-liability and liquidity management.

**Key indicators, FDIC-insured national banks**  
**Annual 1996–1999, year-to-date through December 31, 2000, fourth quarter 1999, and fourth quarter 2000**  
(Dollar figures in millions)

	1996	1997	1998	1999	Preliminary 2000YTD	1999Q4	Preliminary 2000Q4
Number of institutions reporting.....	2,726	2,597	2,456	2,364	2,230	2,364	2,230
Total employees (FTEs).....	850,737	912,463	974,871	983,186	941,454	983,186	941,454
<b>Selected income data (\$)</b>							
Net income .....	\$30,497	\$35,782	\$37,607	\$42,591	\$39,036	\$10,165	\$10,016
Net interest income .....	94,564	106,639	110,985	114,535	115,901	29,097	29,238
Provision for loan losses .....	9,598	13,065	15,242	15,548	19,866	4,049	6,301
Noninterest income .....	56,100	65,429	81,344	92,671	95,534	24,953	23,933
Noninterest expense .....	93,690	104,682	122,606	125,812	128,454	34,373	31,843
Net operating income .....	30,095	34,993	35,548	42,415	40,285	10,192	9,531
Cash dividends declared .....	25,279	28,587	25,414	29,870	32,325	8,635	11,790
Net charge-offs to loan and lease reserve.....	9,968	12,661	14,492	14,175	16,101	3,942	5,099
<b>Selected condition data (\$)</b>							
Total assets .....	2,528,057	2,893,910	3,183,384	3,271,262	3,414,489	3,271,262	3,414,489
Total loans and leases.....	1,641,464	1,840,485	2,015,585	2,127,881	2,227,104	2,127,881	2,227,104
Reserve for losses .....	31,992	34,865	36,810	37,687	40,001	37,687	40,001
Securities.....	380,615	452,118	516,117	537,185	502,295	537,185	502,295
Other real estate owned .....	2,761	2,112	1,833	1,572	1,554	1,572	1,554
Noncurrent loans and leases .....	17,223	17,878	19,513	20,814	27,157	20,814	27,157
Total deposits .....	1,801,043	2,004,867	2,137,946	2,154,276	2,250,464	2,154,276	2,250,464
Domestic deposits .....	1,525,565	1,685,316	1,785,856	1,776,129	1,827,126	1,776,129	1,827,126
Equity capital.....	207,166	244,794	274,192	278,014	293,899	278,014	293,899
Off-balance-sheet derivatives.....	7,488,663	8,704,481	10,953,514	12,077,568	15,502,911	12,077,568	15,502,911
<b>Performance ratios (annualized %)</b>							
Return on equity .....	15.28	15.00	14.29	15.57	13.73	14.78	13.67
Return on assets.....	1.25	1.29	1.24	1.35	1.18	1.26	1.18
Net interest income to assets.....	3.88	3.83	3.67	3.63	3.50	3.62	3.46
Loss provision to assets .....	0.39	0.47	0.50	0.49	0.60	0.50	0.74
Net operating income to assets.....	1.24	1.26	1.18	1.35	1.22	1.27	1.13
Noninterest income to assets.....	2.30	2.35	2.69	2.94	2.89	3.11	2.83
Noninterest expense to assets .....	3.85	3.76	4.05	3.99	3.88	4.28	3.76
Loss provision to loans and leases .....	0.61	0.73	0.79	0.76	0.92	0.78	1.13
Net charge-offs to loans and leases .....	0.63	0.71	0.75	0.70	0.74	0.76	0.92
Loss provision to net charge-offs.....	96.29	103.19	105.12	109.68	123.39	102.69	123.58
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable.....	4.77	4.89	5.94	7.06	6.64	10.66	9.96
Percent of institutions with earnings gains.....	67.83	67.96	61.60	62.18	67.35	60.07	56.64
Nonint. income to net operating revenue.....	37.24	38.02	42.29	44.72	45.18	46.17	45.01
Nonint. expense to net operating revenue.....	62.18	60.84	63.75	60.72	60.75	63.59	59.89
<b>Condition ratios (%)</b>							
Nonperforming assets to assets .....	0.80	0.70	0.68	0.70	0.86	0.70	0.86
Noncurrent loans to loans.....	1.05	0.97	0.97	0.98	1.22	0.98	1.22
Loss reserve to noncurrent loans.....	185.75	195.01	188.65	181.06	147.29	181.06	147.29
Loss reserve to loans.....	1.95	1.89	1.83	1.77	1.80	1.77	1.80
Equity capital to assets .....	8.19	8.46	8.61	8.50	8.61	8.50	8.61
Leverage ratio.....	7.40	7.42	7.43	7.49	7.50	7.49	7.50
Risk-based capital ratio.....	11.95	11.84	11.79	11.72	11.86	11.72	11.86
Net loans and leases to assets .....	63.66	62.39	62.16	63.90	64.05	63.90	64.05
Securities to assets .....	15.06	15.62	16.21	16.42	14.71	16.42	14.71
Appreciation in securities (% of par).....	0.50	1.11	0.82	-2.45	-0.01	-2.45	-0.01
Residential mortgage assets to assets.....	19.81	20.10	20.41	20.60	19.60	20.60	19.60
Total deposits to assets .....	71.24	69.28	67.16	65.85	65.91	65.85	65.91
Core deposits to assets.....	54.08	51.59	49.72	47.01	45.61	47.01	45.61
Volatile liabilities to assets.....	29.83	31.42	31.77	34.81	35.18	34.81	35.18

**Loan performance, FDIC-insured national banks**  
**Annual 1996–1999, year-to-date through December 31, 2000, fourth quarter 1999, and fourth quarter 2000**  
(Dollar figures in millions)

	1996	1997	1998	1999	Preliminary 2000YTD	1999Q4	Preliminary 2000Q4
<b>Percent of loans past due 30–89 days</b>							
Total loans and leases.....	1.39	1.32	1.27	1.16	1.26	1.16	1.26
Loans secured by real estate (RE) .....	1.45	1.39	1.33	1.22	1.42	1.22	1.42
1–4 family residential mortgages.....	1.63	1.65	1.50	1.61	1.95	1.61	1.95
Home equity loans.....	1.04	0.93	0.97	0.77	1.07	0.77	1.07
Multifamily residential mortgages.....	1.28	1.33	0.94	0.69	0.59	0.69	0.59
Commercial RE loans.....	1.25	0.95	1.02	0.70	0.72	0.70	0.72
Construction RE loans.....	1.63	1.63	1.82	1.07	1.12	1.07	1.12
Commercial and industrial loans* .....	0.89	0.76	0.81	0.71	0.71	0.71	0.71
Loans to individuals.....	2.46	2.52	2.44	2.36	2.40	2.36	2.40
Credit cards.....	2.70	2.75	2.52	2.53	2.50	2.53	2.50
Installment loans.....	2.26	2.34	2.37	2.24	2.31	2.24	2.31
All other loans and leases.....	0.41	0.46	0.46	0.50	0.57	0.50	0.57
<b>Percent of loans noncurrent</b>							
Total loans and leases.....	1.05	0.97	0.97	0.98	1.22	0.98	1.22
Loans secured by real estate (RE) .....	1.27	1.07	0.98	0.87	0.93	0.87	0.93
1–4 family residential mortgages.....	1.10	1.01	0.95	0.91	1.06	0.91	1.06
Home equity loans.....	0.47	0.43	0.41	0.32	0.41	0.32	0.41
Multifamily residential mortgages.....	1.47	1.01	0.88	0.43	0.55	0.43	0.55
Commercial RE loans.....	1.71	1.27	1.01	0.84	0.77	0.84	0.77
Construction RE loans.....	1.31	1.00	0.80	0.63	0.82	0.63	0.82
Commercial and industrial loans* .....	0.87	0.78	0.86	1.11	1.67	1.11	1.67
Loans to individuals.....	1.34	1.49	1.59	1.52	1.46	1.52	1.46
Credit cards.....	1.70	2.03	2.06	2.00	1.89	2.00	1.89
Installment loans.....	1.04	1.04	1.19	1.16	1.06	1.16	1.06
All other loans and leases.....	0.25	0.27	0.31	0.40	0.85	0.40	0.85
<b>Percent of loans charged-off, net</b>							
Total loans and leases.....	0.63	0.71	0.75	0.70	0.74	0.76	0.92
Loans secured by real estate (RE) .....	0.09	0.06	0.05	0.10	0.11	0.13	0.13
1–4 family residential mortgages.....	0.08	0.08	0.07	0.14	0.13	0.18	0.13
Home equity loans.....	0.24	0.18	0.16	0.19	0.23	0.19	0.29
Multifamily residential mortgages.....	0.09	0.01	0.07	0.02	0.03	0.06	0.03
Commercial RE loans.....	0.02	-0.01	-0.02	0.03	0.06	0.03	0.08
Construction RE loans.....	0.16	-0.10	-0.01	0.03	0.05	0.03	0.09
Commercial and industrial loans* .....	0.22	0.27	0.38	0.54	0.81	0.72	1.21
Loans to individuals.....	2.45	2.86	2.92	2.65	2.63	2.76	2.83
Credit cards.....	4.25	4.95	5.03	4.51	4.30	4.65	4.18
Installment loans.....	1.04	1.20	1.23	1.27	1.28	1.42	1.65
All other loans and leases.....	0.09	0.07	0.40	0.23	0.24	0.28	0.36
<b>Loans outstanding (\$)</b>							
Total loans and leases.....	\$1,641,464	\$1,840,485	\$2,015,585	\$2,127,881	\$2,227,104	\$2,127,881	\$2,227,104
Loans secured by real estate (RE) .....	646,570	725,305	764,944	853,141	892,153	853,141	892,153
1–4 family residential mortgages.....	329,031	363,329	381,597	433,807	443,089	433,807	443,089
Home equity loans.....	55,022	67,669	66,091	67,267	82,672	67,267	82,672
Multifamily residential mortgages.....	20,480	23,346	23,201	26,561	28,022	26,561	28,022
Commercial RE loans.....	170,350	190,067	200,469	214,145	221,214	214,145	221,214
Construction RE loans.....	38,848	47,410	56,261	71,578	76,884	71,578	76,884
Farmland loans.....	9,046	10,178	10,930	11,957	12,347	11,957	12,347
RE loans from foreign offices .....	23,794	23,306	26,396	27,825	27,923	27,825	27,923
Commercial and industrial loans .....	425,148	508,589	583,903	622,006	644,574	622,006	644,574
Loans to individuals.....	356,067	371,477	386,410	348,581	370,359	348,581	370,359
Credit cards.....	161,104	168,236	176,408	147,126	176,380	147,126	176,380
Installment loans.....	194,963	203,241	210,003	201,455	193,980	201,455	193,980
All other loans and leases.....	216,194	237,326	282,367	306,042	321,598	306,042	321,598
Less: Unearned income .....	2,515	2,212	2,039	1,890	1,581	1,890	1,581

\*Includes "All other loans" for institutions under \$1 billion in asset size.

**Key indicators, FDIC-insured national banks by asset size**  
**Fourth quarter 1999 and fourth quarter 2000**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	1999Q4	2000Q4	1999Q4	2000Q4	1999Q4	2000Q4	1999Q4	2000Q4
Number of institutions reporting.....	1,202	1,100	985	955	131	131	46	44
Total employees (FTEs).....	31,787	27,163	107,263	96,221	120,125	113,115	24,011	704,955
<b>Selected income data (\$)</b>								
Net income .....	\$157	\$139	\$933	\$777	\$1,492	\$1,215	\$7,582	\$7,886
Net interest income .....	625	576	2,743	2,474	3,879	3,597	21,850	22,591
Provision for loan losses .....	52	44	259	237	563	562	3,175	5,458
Noninterest income .....	495	309	1,486	1,404	2,969	2,732	20,003	19,489
Noninterest expense .....	847	643	2,802	2,533	3,955	3,945	26,769	24,722
Net operating income .....	159	139	806	778	1,570	1,209	7,658	7,405
Cash dividends declared .....	231	163	815	710	1,690	1,831	5,899	9,085
Net charge-offs to loan and lease reserve.....	40	32	244	180	591	406	3,067	4,481
<b>Selected condition data (\$)</b>								
Total assets .....	60,502	55,924	263,631	251,420	393,470	400,689	2,553,660	2,706,456
Total loans and leases.....	35,259	33,414	164,505	159,376	247,191	249,166	1,680,925	1,785,149
Reserve for losses .....	469	440	2,434	2,183	5,113	4,491	29,671	32,888
Securities .....	16,498	14,555	68,316	62,067	91,014	87,304	361,357	338,369
Other real estate owned .....	64	67	206	198	161	154	1,142	1,135
Noncurrent loans and leases .....	327	306	1,324	1,288	2,068	2,334	17,095	23,230
Total deposits .....	51,229	46,986	210,755	203,375	254,691	264,786	1,637,600	1,735,317
Domestic deposits .....	51,229	46,976	210,259	203,110	251,933	262,118	1,262,708	1,314,923
Equity capital.....	6,512	6,275	24,562	24,848	38,173	36,478	208,767	226,298
Off-balance-sheet derivatives.....	27	28	2,490	1,339	40,612	29,273	12,089,802	15,630,534
<b>Performance ratios (annualized %)</b>								
Return on equity .....	9.62	8.98	15.18	12.73	15.80	13.36	14.70	13.95
Return on assets.....	1.05	1.01	1.43	1.25	1.54	1.23	1.21	1.17
Net interest income to assets.....	4.19	4.18	4.20	3.99	4.01	3.64	3.49	3.37
Loss provision to assets .....	0.35	0.32	0.40	0.38	0.58	0.57	0.51	0.81
Net operating income to assets.....	1.06	1.01	1.23	1.25	1.62	1.22	1.22	1.10
Noninterest income to assets.....	3.31	2.24	2.28	2.27	3.07	2.77	3.19	2.90
Noninterest expense to assets .....	5.67	4.67	4.29	4.09	4.09	3.99	4.27	3.68
Loss provision to loans and leases.....	0.60	0.53	0.64	0.60	0.93	0.91	0.77	1.22
Net charge-offs to loans and leases.....	0.46	0.39	0.60	0.46	0.97	0.66	0.75	1.00
Loss provision to net charge-offs.....	128.71	138.61	106.22	131.96	95.13	138.47	103.53	121.79
<b>Performance ratios (%)</b>								
Percent of institutions unprofitable.....	15.39	15.36	5.99	4.19	3.82	6.11	6.52	11.36
Percent of institutions with earnings gains.....	56.57	55.09	63.65	59.48	64.89	51.91	60.87	47.73
Nonint. income to net operating revenue.....	44.19	34.90	35.14	36.20	43.35	43.16	47.79	46.31
Nonint. expense to net operating revenue.....	75.60	72.71	66.25	65.31	57.76	62.34	63.96	58.75
<b>Condition ratios (%)</b>								
Nonperforming assets to assets .....	0.65	0.67	0.59	0.59	0.58	0.64	0.73	0.92
Noncurrent loans to loans .....	0.93	0.91	0.80	0.81	0.84	0.94	1.02	1.30
Loss reserve to noncurrent loans.....	143.36	144.16	183.81	169.41	247.24	192.43	173.56	141.57
Loss reserve to loans .....	1.33	1.32	1.48	1.37	2.07	1.80	1.77	1.84
Equity capital to assets .....	10.76	11.22	9.32	9.88	9.70	9.10	8.18	8.36
Leverage ratio.....	10.91	11.14	9.21	9.58	8.75	8.23	7.04	7.12
Risk-based capital ratio.....	18.09	17.97	14.71	14.76	13.28	13.12	11.17	11.40
Net loans and leases to assets .....	57.50	58.96	61.48	62.52	61.52	61.06	64.66	64.74
Securities to assets .....	27.27	26.03	25.91	24.69	23.13	21.79	14.15	12.50
Appreciation in securities (% of par).....	-2.11	0.05	-2.40	0.13	-2.23	0.07	-2.53	-0.07
Residential mortgage assets to assets.....	21.42	21.25	25.09	23.71	26.24	26.08	19.25	18.23
Total deposits to assets .....	84.67	84.02	79.94	80.89	64.73	66.08	64.13	64.12
Core deposits to assets.....	72.79	71.01	68.24	67.86	55.94	55.40	42.83	41.57
Volatile liabilities to assets.....	14.26	15.37	18.90	18.45	27.59	27.73	38.05	38.25

**Loan performance, FDIC-insured national banks by asset size**  
**Fourth quarter 1999 and fourth quarter 2000**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	1999Q4	2000Q4	1999Q4	2000Q4	1999Q4	2000Q4	1999Q4	2000Q4
<b>Percent of loans past due 30–89 days</b>								
Total loans and leases.....	1.27	1.46	1.14	1.20	1.29	1.32	1.14	1.25
Loans secured by real estate (RE) .....	1.09	1.26	0.85	0.98	0.96	1.02	1.34	1.58
1–4 family residential mortgages.....	1.53	1.61	1.17	1.39	1.16	1.16	1.75	2.18
Home equity loans.....	0.51	0.75	0.58	0.70	0.77	1.16	0.79	1.09
Multifamily residential mortgages.....	0.98	0.79	0.56	0.37	0.39	0.50	0.78	0.65
Commercial RE loans.....	0.65	0.92	0.57	0.62	0.64	0.74	0.75	0.73
Construction RE loans.....	0.77	1.19	0.69	1.00	1.24	1.18	1.11	1.12
Commercial and industrial loans* .....	2.10	2.38	1.38	1.36	1.03	1.13	0.63	0.62
Loans to individuals.....	2.01	2.27	2.21	2.26	2.22	2.40	2.41	2.41
Credit cards.....	2.51	1.80	3.88	2.84	2.30	2.43	2.53	2.50
Installment loans.....	1.98	2.29	1.77	2.11	2.14	2.38	2.33	2.32
All other loans and leases.....	N/A	N/A	N/A	N/A	0.93	0.94	0.48	0.57
<b>Percent of loans noncurrent</b>								
Total loans and leases.....	0.93	0.91	0.80	0.81	0.84	0.94	1.02	1.30
Loans secured by real estate (RE) .....	0.75	0.74	0.60	0.66	0.65	0.64	0.96	1.03
1–4 family residential mortgages.....	0.63	0.62	0.59	0.58	0.68	0.60	1.00	1.22
Home equity loans.....	0.40	0.32	0.26	0.35	0.37	0.39	0.31	0.42
Multifamily residential mortgages.....	0.68	0.41	0.29	0.26	0.34	0.46	0.47	0.62
Commercial RE loans.....	0.74	0.88	0.67	0.76	0.77	0.67	0.91	0.79
Construction RE loans.....	0.58	0.67	0.34	0.68	0.37	0.84	0.75	0.85
Commercial and industrial loans* .....	2.35	2.22	1.40	1.45	0.84	1.39	1.10	1.70
Loans to individuals.....	0.64	0.74	1.09	0.88	1.29	1.38	1.63	1.53
Credit cards.....	1.39	1.13	3.35	2.35	1.85	2.24	1.98	1.83
Installment loans.....	0.60	0.72	0.49	0.51	0.70	0.74	1.37	1.21
All other loans and leases.....	N/A	N/A	N/A	N/A	0.40	0.48	0.40	0.90
<b>Percent of loans charged-off, net</b>								
Total loans and leases.....	0.46	0.39	0.60	0.46	0.97	0.66	0.75	1.00
Loans secured by real estate (RE) .....	0.08	0.06	0.07	0.08	0.12	0.13	0.14	0.14
1–4 family residential mortgages.....	0.06	0.06	0.07	0.08	0.17	0.18	0.20	0.13
Home equity loans.....	-0.07	0.20	0.10	0.04	0.12	0.14	0.21	0.33
Multifamily residential mortgages.....	0.11	0.18	0.05	0.00	-0.02	0.04	0.08	0.03
Commercial RE loans.....	0.07	0.08	0.08	0.08	0.07	0.09	0.01	0.07
Construction RE loans.....	0.39	0.06	0.03	0.06	0.03	0.07	0.01	0.11
Commercial and industrial loans* .....	1.63	1.15	1.06	0.84	1.12	0.70	0.66	1.27
Loans to individuals.....	0.99	1.09	2.26	1.65	2.70	2.13	2.86	3.08
Credit cards.....	2.78	-0.34	7.75	4.88	4.44	3.89	4.55	4.20
Installment loans.....	0.89	1.15	0.71	0.86	0.98	0.88	1.63	1.92
All other loans and leases.....	N/A	N/A	N/A	N/A	0.33	0.26	0.28	0.37
<b>Loans outstanding (\$)</b>								
Total loans and leases.....	\$35,259	\$33,414	\$164,505	\$159,376	\$247,191	\$249,166	\$1,680,925	\$1,785,149
Loans secured by real estate (RE) .....	20,132	19,312	99,752	98,292	119,451	133,035	613,805	641,514
1–4 family residential mortgages.....	9,493	9,029	45,124	42,365	57,299	62,080	321,891	329,615
Home equity loans.....	419	460	4,184	4,149	7,462	9,199	55,203	68,864
Multifamily residential mortgages.....	457	424	3,381	3,435	4,387	4,886	18,336	19,278
Commercial RE loans.....	5,828	5,578	34,418	35,085	36,094	40,894	137,806	139,658
Construction RE loans.....	1,597	1,640	8,622	9,143	12,370	13,944	48,988	52,158
Farmland loans.....	2,338	2,181	4,005	4,110	1,642	1,872	3,972	4,184
RE loans from foreign offices .....	0	0	18	5	197	161	27,610	27,757
Commercial and industrial loans .....	6,005	5,737	29,000	28,604	49,883	50,533	537,119	559,700
Loans to individuals.....	5,021	4,617	25,843	22,677	62,401	50,689	255,316	292,376
Credit cards.....	260	180	5,437	4,514	32,050	21,616	109,379	150,070
Installment loans.....	4,761	4,437	20,406	18,163	30,351	29,073	145,937	142,307
All other loans and leases.....	4,195	3,816	10,191	10,055	15,539	15,010	276,117	292,717
Less: Unearned income .....	94	69	280	252	83	101	1,434	1,159

\*Includes "All other loans" for institutions under \$1 billion in asset size.

**Key indicators, FDIC-insured national banks by region**  
**Fourth quarter 2000**  
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting.....	262	314	448	439	535	232	2,230
Total employees (FTEs) .....	282,201	261,392	164,112	75,669	61,799	96,281	941,454
<b>Selected income data (\$)</b>							
Net income .....	\$3,676	\$2,576	\$1,295	\$1,070	\$236	\$1,162	\$10,016
Net interest income .....	7,840	8,241	5,031	2,760	1,840	3,527	29,238
Provision for loan losses .....	1,547	1,579	1,164	526	596	888	6,301
Noninterest income .....	9,072	5,559	2,695	2,362	643	3,603	23,933
Noninterest expense .....	9,919	8,168	4,753	2,981	1,601	4,422	31,843
Net operating income .....	3,543	2,287	1,285	1,055	218	1,143	9,531
Cash dividends declared .....	2,187	4,620	2,392	1,044	486	1,061	11,790
Net charge-offs to loan and lease reserve.....	1,615	1,405	728	520	227	603	5,099
<b>Selected condition data (\$)</b>							
Total assets .....	908,922	1,049,751	636,996	279,396	192,464	346,960	3,414,489
Total loans and leases.....	579,993	670,743	436,779	192,339	117,183	230,067	2,227,104
Reserve for losses .....	12,149	10,634	6,804	3,071	1,928	5,416	40,001
Securities.....	134,137	150,288	100,736	34,008	42,681	40,446	502,295
Other real estate owned .....	458	532	208	118	109	129	1,554
Noncurrent loans and leases .....	8,151	8,985	4,968	1,557	1,046	2,451	27,157
Total deposits .....	617,385	686,210	412,702	176,205	149,748	208,215	2,250,464
Domestic deposits .....	365,023	591,584	357,818	164,182	148,072	200,447	1,827,126
Equity capital.....	78,092	89,477	48,329	26,060	16,651	35,290	293,899
Off-balance-sheet derivatives.....	5,620,022	8,567,148	1,029,432	20,112	9,406	256,792	15,502,911
<b>Performance ratios (annualized %)</b>							
Return on equity .....	19.11	11.52	10.54	16.60	5.68	13.23	13.67
Return on assets.....	1.64	0.98	0.83	1.55	0.50	1.37	1.18
Net interest income to assets.....	3.50	3.12	3.21	4.01	3.88	4.16	3.46
Loss provision to assets .....	0.69	0.60	0.74	0.76	1.26	1.05	0.74
Net operating income to assets.....	1.58	0.87	0.82	1.53	0.46	1.35	1.13
Noninterest income to assets.....	4.05	2.10	1.72	3.43	1.36	4.25	2.83
Noninterest expense to assets .....	4.43	3.09	3.03	4.33	3.38	5.22	3.76
Loss provision to loans and leases .....	1.07	0.93	1.07	1.10	2.05	1.56	1.13
Net charge-offs to loans and leases .....	1.12	0.83	0.67	1.09	0.78	1.06	0.92
Loss provision to net charge-offs.....	95.81	112.41	159.90	101.07	262.15	147.25	123.58
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable.....	6.49	14.65	8.93	6.38	10.28	15.52	9.96
Percent of institutions with earnings gains.....	62.98	55.10	54.46	52.16	58.88	59.05	56.64
Nonint. income to net operating revenue.....	53.64	40.28	34.88	46.12	25.89	50.53	45.01
Nonint. expense to net operating revenue.....	58.65	59.19	61.52	58.20	64.49	62.02	59.89
<b>Condition ratios (%)</b>							
Nonperforming assets to assets .....	0.97	0.91	0.84	0.60	0.60	0.79	0.86
Noncurrent loans to loans .....	1.41	1.34	1.14	0.81	0.89	1.07	1.22
Loss reserve to noncurrent loans.....	149.05	118.35	136.95	197.29	184.32	220.97	147.29
Loss reserve to loans .....	2.09	1.59	1.56	1.60	1.65	2.35	1.80
Equity capital to assets .....	8.59	8.52	7.59	9.33	8.65	10.17	8.61
Leverage ratio.....	7.85	7.10	7.24	7.61	7.71	8.10	7.50
Risk-based capital ratio.....	12.42	11.46	11.37	11.92	12.51	12.18	11.86
Net loans and leases to assets .....	62.47	62.88	67.50	67.74	59.88	64.75	64.05
Securities to assets .....	14.76	14.32	15.81	12.17	22.18	11.66	14.71
Appreciation in securities (% of par).....	0.18-	-0.67	0.06	0.50	0.32	0.82	-0.01
Residential mortgage assets to assets.....	12.70	25.15	20.94	18.89	21.34	18.03	19.60
Total deposits to assets .....	67.92	65.37	64.79	63.07	77.81	60.01	65.91
Core deposits to assets .....	32.14	49.04	47.42	52.70	65.66	50.37	45.61
Volatile liabilities to assets.....	46.43	31.83	35.21	28.11	22.16	28.67	35.18

**Loan performance, FDIC-insured national banks by region**  
**Fourth quarter 2000**  
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
<b>Percent of loans past due 30–89 days</b>							
Total loans and leases.....	1.21	1.23	1.42	1.19	1.18	1.23	1.26
Loans secured by real estate (RE) .....	1.32	1.71	1.58	0.92	1.11	0.93	1.42
1–4 family residential mortgages.....	1.70	2.51	1.98	1.01	1.29	1.16	1.95
Home equity loans.....	0.81	0.78	1.68	0.77	0.88	1.10	1.07
Multifamily residential mortgages.....	0.54	0.58	0.77	0.59	0.65	0.29	0.59
Commercial RE loans.....	0.66	0.54	0.97	0.79	0.92	0.56	0.72
Construction RE loans.....	0.50	0.89	1.76	1.01	1.15	1.11	1.12
Commercial and industrial loans* .....	0.51	0.53	0.94	1.14	1.05	0.93	0.71
Loans to individuals.....	2.69	2.12	2.61	1.99	1.78	2.39	2.40
Credit cards.....	3.01	2.01	1.14	1.89	1.32	2.29	2.50
Installment loans.....	2.10	2.16	2.88	2.15	1.80	2.72	2.31
All other loans and leases.....	0.45	0.40	0.88	0.84	0.61	0.61	0.57
<b>Percent of loans noncurrent</b>							
Total loans and leases.....	1.41	1.34	1.14	0.81	0.89	1.07	1.22
Loans secured by real estate (RE) .....	1.00	1.09	1.07	0.51	0.71	0.48	0.93
1–4 family residential mortgages.....	0.94	1.34	1.25	0.41	0.62	0.44	1.06
Home equity loans.....	0.23	0.21	0.83	0.28	0.33	0.37	0.41
Multifamily residential mortgages.....	0.24	0.73	0.45	0.48	0.18	0.69	0.55
Commercial RE loans.....	0.61	0.85	0.97	0.60	0.84	0.47	0.77
Construction RE loans.....	0.36	1.05	0.97	0.68	0.59	0.65	0.82
Commercial and industrial loans* .....	1.49	2.11	1.47	1.07	1.47	1.72	1.67
Loans to individuals.....	2.45	0.60	0.78	1.12	0.53	1.42	1.46
Credit cards.....	2.43	1.21	0.73	1.33	0.48	1.69	1.89
Installment loans.....	2.51	0.39	0.79	0.78	0.53	0.58	1.06
All other loans and leases.....	0.57	1.02	0.97	0.76	0.86	1.24	0.85
<b>Percent of loans charged-off, net</b>							
Total loans and leases.....	1.12	0.83	0.67	1.09	0.78	1.06	0.92
Loans secured by real estate (RE) .....	0.21	0.08	0.15	0.20	0.21	0.07	0.13
1–4 family residential mortgages.....	0.24	0.05	0.15	0.28	0.15	0.12	0.13
Home equity loans.....	0.22	0.32	0.42	0.23	0.33	0.05	0.29
Multifamily residential mortgages.....	0.01	0.04	0.05	-0.03	0.16	-0.04	0.03
Commercial RE loans.....	0.07	0.06	0.08	0.05	0.33	-0.04	0.08
Construction RE loans.....	0.00	0.04	0.07	0.22	0.05	0.22	0.09
Commercial and industrial loans* .....	0.72	1.77	0.93	0.81	1.56	1.55	1.21
Loans to individuals.....	3.61	2.38	2.03	3.46	1.28	2.44	2.83
Credit cards.....	4.54	2.97	6.59	5.22	4.48	2.79	4.18
Installment loans.....	2.03	2.18	1.29	0.75	1.16	1.39	1.65
All other loans and leases.....	0.15	0.21	0.56	0.53	0.32	1.14	0.36
<b>Loans outstanding (\$)</b>							
Total loans and leases.....	\$579,993	\$670,743	\$436,779	\$192,339	\$117,183	\$230,067	\$2,227,104
Loans secured by real estate (RE) .....	153,663	313,742	191,558	79,110	54,234	99,846	892,153
1–4 family residential mortgages.....	72,802	178,579	89,684	37,651	22,066	42,307	443,089
Home equity loans.....	15,068	27,658	23,004	6,130	1,675	9,138	82,672
Multifamily residential mortgages.....	2,965	9,635	7,380	2,668	1,693	3,681	28,022
Commercial RE loans.....	30,271	67,205	51,051	21,256	20,153	31,278	221,214
Construction RE loans.....	7,017	25,215	17,070	8,344	6,992	12,247	76,884
Farmland loans.....	483	2,598	3,357	3,061	1,655	1,194	12,347
RE loans from foreign offices .....	25,057	2,852	12	0	0	1	27,923
Commercial and industrial loans .....	181,924	202,954	127,855	47,126	31,035	53,681	644,574
Loans to individuals.....	132,570	69,094	53,196	41,150	22,282	52,067	370,359
Credit cards.....	85,090	17,673	8,108	25,300	863	39,346	176,380
Installment loans.....	47,480	51,421	45,088	15,850	21,419	12,721	193,980
All other loans and leases.....	112,652	85,281	64,298	24,970	9,755	24,641	321,598
Less: Unearned income .....	815	329	128	16	123	169	1,581

\*Includes "All other loans" for institutions under \$1 billion in asset size.

**Key indicators, FDIC-insured commercial banks**  
**Annual 1996–1999, year-to-date through December 31, 2000, fourth quarter 1999, and fourth quarter 2000**  
(Dollar figures in millions)

	1996	1997	1998	1999	Preliminary 2000YTD	1999Q4	Preliminary 2000Q4
Number of institutions reporting.....	9,527	9,142	8,774	8,580	8,315	8,580	8,315
Total employees (FTEs).....	1,489,186	1,538,408	1,627,073	1,657,535	1,662,335	1,657,535	1,662,335
<b>Selected income data (\$)</b>							
Net income .....	\$52,350	\$59,156	\$61,785	\$71,556	\$71,176	\$17,730	\$17,821
Net interest income .....	162,754	174,502	182,753	192,193	203,790	49,244	51,830
Provision for loan losses .....	16,285	19,851	22,216	21,814	29,254	6,134	9,491
Noninterest income .....	93,569	104,499	123,699	144,400	152,751	38,786	39,429
Noninterest expense .....	160,698	169,983	194,143	204,196	215,753	54,779	55,263
Net operating income .....	51,509	57,928	59,227	71,321	72,762	17,707	17,366
Cash dividends declared .....	38,791	42,541	41,004	51,933	53,798	16,344	18,622
Net charge-offs to loan and lease reserve.....	15,500	18,318	20,740	20,360	23,613	6,027	7,658
<b>Selected condition data (\$)</b>							
Total assets .....	4,578,314	5,014,942	5,442,588	5,734,761	6,238,713	5,734,761	6,238,713
Total loans and leases.....	2,811,279	2,970,747	3,238,342	3,491,285	3,816,191	3,491,285	3,816,191
Reserve for losses .....	53,457	54,685	57,262	58,770	64,054	58,770	64,054
Securities.....	800,647	871,868	979,854	1,046,343	1,077,668	1,046,343	1,077,668
Other real estate owned .....	4,780	3,795	3,150	2,795	2,905	2,795	2,905
Noncurrent loans and leases .....	29,130	28,542	31,253	32,996	42,911	32,996	42,911
Total deposits .....	3,197,136	3,421,726	3,681,443	3,830,826	4,176,575	3,830,826	4,176,575
Domestic deposits .....	2,723,556	2,895,531	3,109,409	3,175,237	3,469,908	3,175,237	3,469,908
Equity capital.....	375,269	417,773	462,150	479,722	529,583	479,722	529,583
Off-balance-sheet derivatives.....	20,035,444	25,063,799	33,005,561	34,817,457	40,569,391	34,817,457	40,569,391
<b>Performance ratios (annualized %)</b>							
Return on equity .....	14.45	14.68	13.93	15.31	14.07	15.00	13.57
Return on assets.....	1.19	1.23	1.19	1.31	1.19	1.27	1.16
Net interest income to assets .....	3.70	3.64	3.51	3.51	3.41	3.52	3.37
Loss provision to assets .....	0.37	0.41	0.43	0.40	0.49	0.44	0.62
Net operating income to assets.....	1.17	1.21	1.14	1.30	1.22	1.27	1.13
Noninterest income to assets.....	2.13	2.18	2.37	2.64	2.56	2.77	2.56
Noninterest expense to assets .....	3.65	3.54	3.73	3.73	3.61	3.92	3.59
Loss provision to loans and leases.....	0.61	0.69	0.72	0.66	0.80	0.72	1.00
Net charge-offs to loans and leases.....	0.58	0.64	0.67	0.61	0.64	0.71	0.81
Loss provision to net charge-offs.....	105.06	108.37	104.81	107.13	123.88	101.76	123.91
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable.....	4.28	4.85	6.11	7.47	7.06	11.93	12.23
Percent of institutions with earnings gains.....	70.78	68.35	61.23	62.83	67.76	60.59	55.79
Nonint. income to net operating revenue.....	36.50	37.45	40.36	42.90	42.84	44.06	43.21
Nonint. expense to net operating revenue.....	62.69	60.93	63.35	60.67	60.51	62.23	60.56
<b>Condition ratios (%)</b>							
Nonperforming assets to assets .....	0.75	0.66	0.65	0.63	0.74	0.63	0.74
Noncurrent loans to loans.....	1.04	0.96	0.97	0.95	1.12	0.95	1.12
Loss reserve to noncurrent loans.....	183.51	191.59	183.22	178.11	149.27	178.11	149.27
Loss reserve to loans.....	1.90	1.84	1.77	1.68	1.68	1.68	1.68
Equity capital to assets .....	8.20	8.33	8.49	8.37	8.49	8.37	8.49
Leverage ratio.....	7.64	7.56	7.54	7.79	7.71	7.79	7.71
Risk-based capital ratio.....	12.53	12.23	12.23	12.16	12.13	12.16	12.13
Net loans and leases to assets .....	60.24	58.15	58.45	59.85	60.14	59.85	60.14
Securities to assets .....	17.49	17.39	18.00	18.25	17.27	18.25	17.27
Appreciation in securities (% of par).....	0.51	1.10	1.07	-2.31	0.20	-2.31	0.20
Residential mortgage assets to assets.....	19.79	20.03	20.93	20.77	20.19	20.77	20.19
Total deposits to assets .....	69.83	68.23	67.64	66.80	66.95	66.80	66.95
Core deposits to assets.....	52.45	50.06	49.39	46.96	46.40	46.96	46.40
Volatile liabilities to assets.....	30.71	31.92	31.68	34.94	34.98	34.94	34.98

**Loan performance, FDIC-insured commercial banks**  
**Annual 1996–1999, year-to-date through December 31, 2000, fourth quarter 1999, and fourth quarter 2000**  
(Dollar figures in millions)

	1996	1997	1998	1999	Preliminary 2000YTD	1999Q4	Preliminary 2000Q4
<b>Percent of loans past due 30–89 days</b>							
Total loans and leases.....	1.37	1.31	1.26	1.14	1.26	1.14	1.26
Loans secured by real estate (RE) .....	1.41	1.33	1.26	1.09	1.26	1.09	1.26
1–4 family residential mortgages.....	1.57	1.59	1.44	1.43	1.72	1.43	1.72
Home equity loans.....	1.06	0.96	0.98	0.75	0.98	0.75	0.98
Multifamily residential mortgages.....	1.19	1.11	0.86	0.58	0.55	0.58	0.55
Commercial RE loans.....	1.24	0.97	0.99	0.69	0.74	0.69	0.74
Construction RE loans.....	1.58	1.42	1.50	0.98	1.06	0.98	1.06
Commercial and industrial loans* .....	0.95	0.83	0.88	0.79	0.83	0.79	0.83
Loans to individuals.....	2.50	2.50	2.43	2.33	2.46	2.33	2.46
Credit cards.....	2.76	2.73	2.58	2.59	2.66	2.59	2.66
Installment loans.....	2.31	2.33	2.33	2.18	2.32	2.18	2.32
All other loans and leases.....	0.37	0.51	0.51	0.55	0.65	0.55	0.65
<b>Percent of loans noncurrent</b>							
Total loans and leases.....	1.04	0.96	0.97	0.95	1.12	0.95	1.12
Loans secured by real estate (RE) .....	1.20	1.01	0.91	0.79	0.81	0.79	0.81
1–4 family residential mortgages.....	0.99	0.94	0.88	0.82	0.90	0.82	0.90
Home equity loans.....	0.48	0.44	0.42	0.33	0.37	0.33	0.37
Multifamily residential mortgages.....	1.35	0.95	0.83	0.41	0.44	0.41	0.44
Commercial RE loans.....	1.61	1.21	0.95	0.77	0.72	0.77	0.72
Construction RE loans.....	1.38	0.97	0.81	0.67	0.76	0.67	0.76
Commercial and industrial loans* .....	0.98	0.86	0.99	1.17	1.67	1.17	1.67
Loans to individuals.....	1.36	1.47	1.52	1.42	1.40	1.42	1.40
Credit cards.....	1.91	2.18	2.22	2.05	2.01	2.05	2.01
Installment loans.....	0.97	0.98	1.06	1.04	0.98	1.04	0.98
All other loans and leases.....	0.22	0.25	0.34	0.39	0.69	0.39	0.69
<b>Percent of loans charged-off, net</b>							
Total loans and leases.....	0.58	0.64	0.67	0.61	0.64	0.71	0.81
Loans secured by real estate (RE) .....	0.10	0.06	0.05	0.08	0.09	0.11	0.12
1–4 family residential mortgages.....	0.08	0.08	0.07	0.11	0.10	0.15	0.12
Home equity loans.....	0.20	0.16	0.14	0.15	0.18	0.16	0.24
Multifamily residential mortgages.....	0.15	0.04	0.05	0.02	0.02	0.08	0.04
Commercial RE loans.....	0.09	0.01	0.00	0.03	0.05	0.05	0.08
Construction RE loans.....	0.19	-0.02	0.01	0.04	0.05	0.07	0.10
Commercial and industrial loans* .....	0.26	0.28	0.42	0.58	0.77	0.79	1.15
Loans to individuals.....	2.28	2.70	2.69	2.32	2.30	2.41	2.52
Credit cards.....	4.35	5.11	5.19	4.46	4.30	4.48	4.35
Installment loans.....	0.89	1.04	1.04	1.04	1.03	1.20	1.30
All other loans and leases.....	0.06	0.08	0.39	0.26	0.23	0.39	0.33
<b>Loans outstanding (\$)</b>							
Total loans and leases.....	\$2,811,279	\$2,970,747	\$3,238,342	\$3,491,285	\$3,816,191	\$3,491,285	\$3,816,191
Loans secured by real estate (RE) .....	1,139,018	1,244,985	1,345,644	1,510,036	1,670,278	1,510,036	1,670,278
1–4 family residential mortgages.....	570,122	620,599	668,752	736,860	788,891	736,860	788,891
Home equity loans.....	85,300	98,163	96,647	102,338	127,493	102,338	127,493
Multifamily residential mortgages.....	38,162	41,231	43,242	53,133	60,178	53,133	60,178
Commercial RE loans.....	315,989	341,522	370,544	417,617	465,512	417,617	465,512
Construction RE loans.....	76,399	88,242	106,729	135,627	162,131	135,627	162,131
Farmland loans.....	24,964	27,072	29,096	31,902	34,040	31,902	34,040
RE loans from foreign offices .....	28,083	28,157	30,635	32,558	32,033	32,558	32,033
Commercial and industrial loans .....	709,600	794,998	898,556	970,986	1,048,248	970,986	1,048,248
Loans to individuals.....	562,291	561,325	570,863	558,351	609,713	558,351	609,713
Credit cards.....	231,664	231,092	228,781	211,998	249,370	211,998	249,370
Installment loans.....	330,626	330,233	342,081	346,353	360,343	346,353	360,343
All other loans and leases.....	405,679	373,907	427,397	455,583	490,868	455,583	490,868
Less: Unearned income .....	5,308	4,469	4,117	3,671	2,915	3,671	2,915

\*Includes "All other loans" for institutions under \$1 billion in asset size.

**Key indicators, FDIC-insured commercial banks by asset size**  
**Fourth quarter 1999 and fourth quarter 2000**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	1999Q4	2000Q4	1999Q4	2000Q4	1999Q4	2000Q4	1999Q4	2000Q4
Number of institutions reporting.....	5,156	4,842	3,030	3,078	318	313	76	82
Total employees (FTEs).....	109,841	99,560	303,754	291,702	280,031	248,311	963,909	1,022,762
<b>Selected income data (\$)</b>								
Net income .....	\$506	\$453	\$2,441	\$2,275	\$3,191	\$2,416	\$11,593	\$12,677
Net interest income .....	2,492	2,335	7,869	7,764	8,968	8,311	29,916	33,420
Provision for loan losses .....	205	197	716	776	1,215	1,563	3,997	6,955
Noninterest income .....	859	663	3,177	3,153	6,019	4,838	28,731	30,774
Noninterest expense .....	2,453	2,182	7,015	6,926	8,823	7,943	36,487	38,211
Net operating income .....	514	456	2,320	2,276	3,289	2,436	11,585	12,197
Cash dividends declared .....	649	539	2,193	1,792	3,738	3,680	9,764	12,611
Net charge-offs to loan and lease reserve....	156	151	564	551	1,139	1,129	4,168	5,828
<b>Selected condition data (\$)</b>								
Total assets .....	242,444	231,194	754,666	773,009	915,187	884,113	3,822,464	4,350,396
Total loans and leases.....	145,329	142,039	482,026	504,414	580,053	560,825	2,283,877	2,608,914
Reserve for losses .....	2,065	1,963	7,000	7,123	10,566	9,858	39,140	45,110
Securities.....	65,176	58,711	188,980	181,379	215,844	198,929	576,344	638,649
Other real estate owned .....	279	259	670	680	438	408	1,408	1,558
Noncurrent loans and leases .....	1,308	1,281	3,655	4,021	4,782	5,185	23,251	32,424
Total deposits .....	205,872	194,917	611,699	632,459	624,694	621,581	2,388,561	2,727,619
Domestic deposits .....	205,858	194,898	609,834	630,650	612,288	607,625	1,747,257	2,036,736
Equity capital.....	25,891	25,614	69,764	74,175	83,191	79,466	300,876	350,328
Off-balance-sheet derivatives.....	195	200	8,209	5,518	94,620	66,743	34,780,770	40,686,228
<b>Performance ratios (annualized %)</b>								
Return on equity .....	7.79	7.17	14.00	12.50	15.54	12.31	15.73	14.54
Return on assets.....	0.85	0.80	1.31	1.19	1.42	1.11	1.25	1.18
Net interest income to assets.....	4.17	4.11	4.23	4.07	4.00	3.81	3.22	3.12
Loss provision to assets .....	0.34	0.35	0.38	0.41	0.54	0.72	0.43	0.65
Net operating income to assets.....	0.86	0.80	1.25	1.19	1.47	1.12	1.25	1.14
Noninterest income to assets.....	1.44	1.17	1.71	1.65	2.69	2.22	3.09	2.87
Noninterest expense to assets .....	4.10	3.84	3.77	3.63	3.94	3.64	3.93	3.57
Loss provision to loans and leases.....	0.57	0.56	0.60	0.62	0.86	1.12	0.72	1.07
Net charge-offs to loans and leases .....	0.44	0.43	0.48	0.44	0.80	0.81	0.75	0.90
Loss provision to net charge-offs.....	131.04	130.29	126.94	140.89	106.70	138.47	95.90	119.32
<b>Performance ratios (%)</b>								
Percent of institutions unprofitable.....	16.64	17.66	4.88	4.45	4.09	6.07	6.58	7.32
Percent of institutions with earnings gains....	57.27	52.29	65.51	61.05	66.67	57.51	64.47	58.54
Nonint. income to net operating revenue....	25.63	22.10	28.76	28.88	40.16	36.80	48.99	47.94
Nonint. expense to net operating revenue....	73.21	72.78	63.51	63.44	58.87	60.41	62.22	59.52
<b>Condition ratios (%)</b>								
Nonperforming assets to assets .....	0.66	0.67	0.58	0.61	0.58	0.64	0.66	0.79
Noncurrent loans to loans.....	0.90	0.90	0.76	0.80	0.82	0.92	1.02	1.24
Loss reserve to noncurrent loans.....	157.83	153.28	191.51	177.13	220.96	190.11	168.34	139.13
Loss reserve to loans.....	1.42	1.38	1.45	1.41	1.82	1.76	1.71	1.73
Equity capital to assets .....	10.68	11.08	9.24	9.60	9.09	8.99	7.87	8.05
Leverage ratio.....	10.88	11.01	9.20	9.28	8.49	8.36	7.13	7.11
Risk-based capital ratio.....	17.74	17.44	14.37	14.12	12.93	12.81	11.36	11.48
Net loans and leases to assets .....	59.09	60.59	62.95	64.33	62.23	62.32	58.72	58.93
Securities to assets .....	26.88	25.39	25.04	23.46	23.58	22.50	15.08	14.68
Appreciation in securities (% of par).....	-2.19	0.08	-2.37	0.18	-2.38	0.11	-2.28	0.25
Residential mortgage assets to assets.....	20.99	20.81	23.77	23.03	26.56	25.03	18.78	18.66
Total deposits to assets .....	84.92	84.31	81.06	81.82	68.26	70.31	62.49	62.70
Core deposits to assets.....	73.14	71.38	68.96	68.27	56.18	56.15	38.75	39.20
Volatile liabilities to assets.....	13.99	15.09	18.21	18.28	28.04	27.84	41.23	40.46

## Loan performance, FDIC-insured commercial banks by asset size

Fourth quarter 1999 and fourth quarter 2000

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	1999Q4	2000Q4	1999Q4	2000Q4	1999Q4	2000Q4	1999Q4	2000Q4
<b>Percent of loans past due 30–89 days</b>								
Total loans and leases.....	1.39	1.62	1.12	1.26	1.22	1.29	1.10	1.23
Loans secured by real estate (RE) .....	1.20	1.42	0.89	1.03	0.90	0.97	1.23	1.42
1–4 family residential mortgages.....	1.66	1.85	1.26	1.43	1.09	1.21	1.56	1.92
Home equity loans.....	0.71	0.75	0.63	0.69	0.74	1.04	0.78	1.02
Multifamily residential mortgages.....	0.75	0.80	0.48	0.51	0.46	0.48	0.64	0.58
Commercial RE loans.....	0.83	1.08	0.60	0.70	0.66	0.74	0.73	0.72
Construction RE loans.....	0.73	1.20	0.75	1.07	1.06	0.86	1.08	1.14
Commercial and industrial loans* .....	1.30	1.53	1.12	1.31	1.03	1.17	0.64	0.64
Loans to individuals.....	2.33	2.62	2.20	2.39	2.34	2.54	2.36	2.45
Credit cards.....	2.01	1.87	3.83	3.79	2.78	2.90	2.44	2.57
Installment loans.....	2.34	2.65	1.87	2.14	2.01	2.33	2.30	2.33
All other loans and leases.....	N/A	N/A	N/A	N/A	0.85	1.03	0.55	0.66
<b>Percent of loans noncurrent</b>								
Total loans and leases.....	0.90	0.90	0.76	0.80	0.82	0.92	1.02	1.24
Loans secured by real estate (RE) .....	0.73	0.75	0.59	0.64	0.70	0.70	0.89	0.91
1–4 family residential mortgages.....	0.69	0.71	0.61	0.60	0.75	0.72	0.91	1.05
Home equity loans.....	0.42	0.26	0.31	0.31	0.38	0.38	0.32	0.38
Multifamily residential mortgages.....	0.64	0.34	0.43	0.40	0.48	0.38	0.37	0.48
Commercial RE loans.....	0.72	0.83	0.61	0.64	0.72	0.71	0.89	0.76
Construction RE loans.....	0.55	0.64	0.49	0.75	0.66	0.77	0.77	0.76
Commercial and industrial loans* .....	1.28	1.21	1.11	1.20	0.93	1.39	1.17	1.73
Loans to individuals.....	0.78	0.87	0.91	0.87	1.13	1.15	1.65	1.56
Credit cards.....	1.35	0.96	2.68	2.57	1.84	1.98	2.09	1.99
Installment loans.....	0.76	0.86	0.55	0.57	0.60	0.65	1.34	1.17
All other loans and leases.....	N/A	N/A	N/A	N/A	0.44	0.60	0.40	0.74
<b>Percent of loans charged-off, net</b>								
Total loans and leases.....	0.44	0.43	0.48	0.44	0.80	0.81	0.75	0.90
Loans secured by real estate (RE) .....	0.09	0.11	0.08	0.08	0.12	0.11	0.12	0.13
1–4 family residential mortgages.....	0.09	0.09	0.09	0.09	0.14	0.13	0.17	0.13
Home equity loans.....	0.01	0.15	0.08	0.04	0.14	0.15	0.18	0.29
Multifamily residential mortgages.....	0.23	0.20	0.12	0.04	0.06	0.04	0.06	0.03
Commercial RE loans.....	0.09	0.14	0.06	0.07	0.10	0.09	0.01	0.07
Construction RE loans.....	0.20	0.11	0.08	0.08	0.14	0.12	0.02	0.10
Commercial and industrial loans* .....	0.84	0.76	0.74	0.81	0.94	1.28	0.73	1.14
Loans to individuals.....	0.97	1.08	1.83	1.59	2.50	2.52	2.57	2.73
Credit cards.....	1.89	2.45	6.57	5.47	4.57	5.03	4.30	4.18
Installment loans.....	0.93	1.03	0.84	0.91	1.04	1.08	1.37	1.48
All other loans and leases.....	N/A	N/A	N/A	N/A	0.41	0.52	0.42	0.33
<b>Loans outstanding (\$)</b>								
Total loans and leases.....	\$145,329	\$142,039	\$482,026	\$504,414	\$580,053	\$560,825	\$2,283,877	\$2,608,914
Loans secured by real estate (RE) .....	83,003	81,641	305,010	324,762	297,529	308,505	824,494	955,370
1–4 family residential mortgages.....	38,723	37,764	127,226	130,932	134,453	129,640	436,458	490,555
Home equity loans.....	1,865	2,026	12,816	13,817	18,329	19,307	69,327	92,343
Multifamily residential mortgages.....	1,791	1,748	10,329	10,947	11,254	12,318	29,759	35,165
Commercial RE loans.....	23,216	22,902	110,667	120,025	97,478	105,664	186,256	216,922
Construction RE loans.....	6,703	6,913	31,461	35,491	31,995	36,992	65,468	82,736
Farmland loans.....	10,705	10,288	12,458	13,505	3,647	4,245	5,092	6,002
RE loans from foreign offices .....	0	0	52	45	372	340	32,134	31,648
Commercial and industrial loans.....	24,710	24,580	86,822	91,673	127,501	123,890	731,954	808,105
Loans to individuals.....	20,162	19,148	64,798	61,958	119,262	98,164	354,129	430,443
Credit cards.....	815	704	10,905	9,345	51,351	36,784	148,926	202,538
Installment loans.....	19,347	18,444	53,894	52,613	67,910	61,381	205,203	227,905
All other loans and leases.....	17,757	16,876	26,234	26,754	36,419	30,850	375,173	416,387
Less: Unearned income .....	303	206	838	733	658	584	1,872	1,392

\*Includes "All other loans" for institutions under \$1 billion in asset size.

**Key indicators, FDIC-insured commercial banks by region**

**Fourth quarter 2000**

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West institutions	All institutions
Number of institutions reporting.....	665	1,425	1,791	2,144	1,384	906	8,315
Total employees (FTEs).....	514,615	456,952	285,048	126,134	108,312	171,274	1,662,335
<b>Selected income data (\$)</b>							
Net income .....	\$7,052	\$4,316	\$2,513	\$1,425	\$534	\$1,982	\$17,821
Net interest income .....	15,750	13,474	8,668	4,155	2,956	6,827	51,830
Provision for loan losses .....	2,544	2,246	1,643	712	684	1,662	9,491
Noninterest income .....	17,904	8,430	4,475	2,686	967	4,966	39,429
Noninterest expense .....	20,662	13,053	7,987	4,036	2,548	6,977	55,263
Net operating income .....	6,934	4,039	2,492	1,409	518	1,973	17,366
Cash dividends declared .....	4,691	6,531	3,605	1,318	789	1,688	18,622
Net charge-offs to loan and lease reserve.....	2,600	1,925	986	654	298	1,196	7,658
<b>Selected condition data (\$)</b>							
Total assets .....	2,180,963	1,610,756	1,071,929	419,023	302,320	653,723	6,238,713
Total loans and leases.....	1,138,781	1,058,012	727,780	286,072	182,437	423,109	3,816,191
Reserve for losses .....	20,913	16,018	10,775	4,544	2,809	8,994	64,054
Securities.....	361,741	265,868	190,827	65,981	73,893	119,357	1,077,668
Other real estate owned .....	751	966	415	237	236	299	2,905
Noncurrent loans and leases .....	14,985	12,257	7,378	2,328	1,639	4,325	42,911
Total deposits .....	1,371,355	1,096,010	729,830	290,727	241,388	447,264	4,176,575
Domestic deposits .....	882,910	980,863	654,607	278,704	239,712	433,113	3,469,908
Equity capital.....	174,579	138,732	84,808	39,788	27,007	64,669	529,583
Off-balance-sheet derivatives.....	30,517,118	8,625,702	1,102,372	21,731	10,417	292,052	40,569,391
<b>Performance ratios (annualized %)</b>							
Return on equity .....	16.31	12.55	11.82	14.53	7.96	12.42	13.57
Return on assets.....	1.32	1.07	0.95	1.38	0.72	1.25	1.16
Net interest income to assets.....	2.95	3.35	3.28	4.03	3.97	4.30	3.37
Loss provision to assets .....	0.48	0.56	0.62	0.69	0.92	1.05	0.62
Net operating income to assets.....	1.30	1.00	0.94	1.37	0.70	1.24	1.13
Noninterest income to assets.....	3.36	2.09	1.69	2.60	1.30	3.13	2.56
Noninterest expense to assets .....	3.87	3.24	3.02	3.91	3.42	4.40	3.59
Loss provision to loans and leases.....	0.90	0.85	0.91	1.00	1.51	1.60	1.00
Net charge-offs to loans and leases.....	0.92	0.73	0.55	0.92	0.66	1.15	0.81
Loss provision to net charge-offs.....	97.80	116.69	166.66	108.88	229.48	139.01	123.91
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable.....	11.58	15.51	9.27	11.89	12.21	14.24	12.23
Percent of institutions with earnings gains.....	62.11	55.16	56.11	50.98	57.23	60.71	55.79
Nonint. income to net operating revenue.....	53.20	38.49	34.05	39.26	24.65	42.11	43.21
Nonint. expense to net operating revenue.....	61.40	59.59	60.77	59.00	64.93	59.16	60.56
<b>Condition ratios (%)</b>							
Nonperforming assets to assets .....	0.73	0.82	0.74	0.61	0.62	0.73	0.74
Noncurrent loans to loans.....	1.32	1.16	1.01	0.81	0.90	1.02	1.12
Loss reserve to noncurrent loans.....	139.56	130.69	146.06	195.23	171.36	207.96	149.27
Loss reserve to loans.....	1.84	1.51	1.48	1.59	1.54	2.13	1.68
Equity capital to assets .....	8.00	8.61	7.91	9.50	8.93	9.89	8.49
Leverage ratio.....	7.48	7.50	7.57	8.25	8.21	8.65	7.71
Risk-based capital ratio.....	12.47	11.66	11.64	12.60	13.27	12.39	12.13
Net loans and leases to assets .....	51.26	64.69	66.89	67.19	59.42	63.35	60.14
Securities to assets .....	16.59	16.51	17.80	15.75	24.44	18.26	17.27
Appreciation in securities (% of par).....	-0.01	0.38	0.14	0.40	0.16	0.48	0.20
Residential mortgage assets to assets.....	16.08	25.07	22.39	18.88	21.92	18.28	20.19
Total deposits to assets .....	62.88	68.04	68.09	69.38	79.85	68.42	66.95
Core deposits to assets.....	31.92	52.05	51.16	59.07	66.45	55.60	46.40
Volatile liabilities to assets.....	46.75	29.54	32.23	23.62	21.39	27.20	34.98

**Loan performance, FDIC-insured commercial banks by region**  
**Fourth quarter 2000**  
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
<b>Percent of loans past due 30–89 days</b>							
Total loans and leases.....	1.21	1.26	1.36	1.27	1.28	1.17	1.26
Loans secured by real estate (RE) .....	1.22	1.44	1.37	1.00	1.17	0.86	1.26
1–4 family residential mortgages.....	1.51	2.17	1.69	1.15	1.51	1.15	1.72
Home equity loans.....	0.76	0.78	1.40	0.81	0.88	1.09	0.98
Multifamily residential mortgages 0.45	0.57	0.81	0.57	0.67	0.32	0.55	
Commercial RE loans.....	0.81	0.64	0.88	0.83	0.89	0.54	0.74
Construction RE loans.....	0.77	0.85	1.66	1.08	1.09	1.00	1.06
Commercial and industrial loans* .....	0.57	0.66	1.07	1.38	1.29	1.13	0.83
Loans to individuals.....	2.66	2.44	2.57	2.30	1.92	2.17	2.46
Credit cards.....	3.03	2.97	1.39	2.43	1.44	2.12	2.66
Installment loans.....	2.27	2.26	2.74	2.14	1.94	2.27	2.32
All other loans and leases.....	0.65	0.48	0.92	0.65	0.49	0.55	0.65
<b>Percent of loans noncurrent</b>							
Total loans and leases.....	1.32	1.16	1.01	0.81	0.90	1.02	1.12
Loans secured by real estate (RE) .....	0.86	0.89	0.87	0.55	0.76	0.58	0.81
1–4 family residential mortgages.....	0.85	1.12	0.97	0.46	0.70	0.53	0.90
Home equity loans.....	0.30	0.22	0.65	0.29	0.33	0.33	0.37
Multifamily residential mortgages.....	0.25	0.57	0.50	0.42	0.23	0.51	0.44
Commercial RE loans.....	0.71	0.71	0.83	0.62	0.83	0.61	0.72
Construction RE loans.....	0.80	0.78	0.82	0.77	0.76	0.60	0.76
Commercial and industrial loans* .....	1.74	1.87	1.44	1.22	1.48	1.69	1.67
Loans to individuals.....	2.09	0.98	0.72	1.16	0.58	1.27	1.40
Credit cards.....	2.42	2.06	0.82	1.54	0.64	1.63	2.01
Installment loans.....	1.76	0.60	0.70	0.72	0.58	0.48	0.98
All other loans and leases.....	0.51	0.88	0.81	0.55	0.66	0.99	0.69
<b>Percent of loans charged-off, net</b>							
Total loans and leases.....	0.92	0.73	0.55	0.92	0.66	1.15	0.81
Loans secured by real estate (RE) .....	0.16	0.08	0.13	0.17	0.16	0.07	0.12
1–4 family residential mortgages.....	0.17	0.07	0.12	0.21	0.16	0.10	0.12
Home equity loans.....	0.25	0.23	0.31	0.26	0.31	0.07	0.24
Multifamily residential mortgages.....	0.04	0.05	0.06	-0.03	0.10	0.01	0.04
Commercial RE loans.....	0.07	0.06	0.11	0.08	0.21	0.01	0.08
Construction RE loans.....	0.15	0.06	0.10	0.25	0.07	0.10	0.10
Commercial and industrial loans* .....	0.84	1.51	0.83	0.81	1.38	1.99	1.15
Loans to individuals.....	2.94	2.22	1.63	3.35	1.24	2.68	2.52
Credit cards.....	4.58	4.01	5.72	5.72	3.79	3.22	4.35
Installment loans.....	1.29	1.61	1.08	0.70	1.14	1.56	1.30
All other loans and leases.....	0.18	0.23	0.50	0.37	0.22	1.02	0.33
<b>Loans outstanding (\$)</b>							
Total loans and leases.....	\$1,138,781	\$1,058,012	\$727,780	\$286,072	\$182,437	\$423,109	\$3,816,191
Loans secured by real estate (RE) .....	359,990	543,308	346,974	131,026	91,409	197,571	1,670,278
1–4 family residential mortgages.....	191,329	272,767	159,684	58,252	36,528	70,331	788,891
Home equity loans.....	26,997	43,113	34,409	7,534	1,950	13,489	127,493
Multifamily residential mortgages.....	15,537	16,284	12,783	4,046	2,628	8,900	60,178
Commercial RE loans.....	79,397	141,100	99,541	36,824	34,465	74,185	465,512
Construction RE loans.....	16,943	60,444	31,970	13,841	12,086	26,847	162,131
Farmland loans.....	1,337	6,747	8,558	10,529	3,751	3,119	34,040
RE loans from foreign offices .....	28,450	2,852	30	0	0	701	32,033
Commercial and industrial loans .....	348,043	279,603	210,543	64,303	44,757	100,998	1,048,248
Loans to individuals.....	229,144	129,619	79,147	52,396	32,294	87,114	609,713
Credit cards.....	116,603	33,679	10,078	27,976	1,283	59,750	249,370
Installment loans.....	112,541	95,939	69,069	24,420	31,011	27,363	360,343
All other loans and leases.....	202,817	106,121	91,416	38,396	14,210	37,908	490,868
Less: Unearned income .....	1,213	640	299	49	233	481	2,915

\*Includes "All other loans" for institutions under \$1 billion in asset size.

# Glossary

## Data Sources

Data are from the Federal Financial Institutions Examination Council (FFIEC) Reports of Condition and Income (call reports) submitted by all FDIC-insured, national-chartered and state-chartered commercial banks and trust companies in the United States and its territories. Uninsured banks, savings banks, savings associations, and U.S. branches and agencies of foreign banks are excluded from these tables. All data are collected and presented based on the location of each reporting institution's main office. Reported data may include assets and liabilities located outside of the reporting institution's home state.

The data are stored on and retrieved from the OCC's Integrated Banking Information System (IBIS), which is obtained from the FDIC's Research Information System (RIS) database.

## Computation Methodology

For performance ratios constructed by dividing an income statement (flow) item by a balance sheet (stock) item, the income item for the period was annualized (multiplied by the number of periods in a year) and divided by the average balance sheet item for the period (beginning-of-period amount plus end-of-period amount plus any interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, prior period(s) balance sheet items of "acquired" institution(s) are included in balance sheet averages because the year-to-date income reported by the "acquirer" includes the year-to-date results of "acquired" institutions. No adjustments are made for "purchase accounting" mergers because the year-to-date income reported by the "acquirer" does not include the prior-to-merger results of "acquired" institutions.

## Definitions

**Commercial real estate loans**—loans secured by nonfarm nonresidential properties.

**Construction real estate loans**—includes loans for all property types under construction, as well as loans for land acquisition and development.

**Core deposits**—the sum of transaction deposits plus savings deposits plus small time deposits (under \$100,000).

**IBIS**—OCC's Integrated Banking Information System.

**Leverage ratio**—Tier 1 capital divided by adjusted tangible total assets.

**Loans to individuals**—includes outstanding credit card balances and other secured and unsecured installment loans.

**Net charge-offs to loan and lease reserve**—total loans and leases charged off (removed from balance sheet because of uncollectibility), less amounts recovered on loans and leases previously charged off.

**Net loans and leases to assets**—total loans and leases net of the reserve for losses.

**Net operating income**—income excluding discretionary transactions such as gains (or losses) on the sale of investment securities and extraordinary items. Income taxes subtracted from operating income have been adjusted to exclude the portion applicable to securities gains (or losses).

**Net operating revenue**—the sum of net interest income plus noninterest income.

**Noncurrent loans and leases**—the sum of loans and leases 90 days or more past due plus loans and leases in nonaccrual status.

**Nonperforming assets**—the sum of noncurrent loans and leases plus noncurrent debt securities and other assets plus other real estate owned.

**Number of institutions reporting**—the number of institutions that actually filed a financial report.

**Off-balance-sheet derivatives**—the notional value of futures and forwards, swaps, and options contracts; beginning March 31, 1995, new reporting detail permits the exclusion of spot foreign exchange contracts. For March 31, 1984 through December 31, 1985, only foreign exchange futures and forwards contracts were reported; beginning March 31, 1986, interest rate swaps contracts were reported; beginning March 31, 1990, banks began to report interest rate and other futures and forwards contracts, foreign exchange and other swaps contracts, and all types of option contracts.

**Other real estate owned**—primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances.

**Percent of institutions unprofitable**—the percent of institutions with negative net income for the respective period.

**Percent of institutions with earnings gains**—the percent of institutions that increased their net income (or decreased their losses) compared to the same period a year earlier.

**Reserve for losses**—the sum of the allowance for loan and lease losses plus the allocated transfer risk reserve.

**Residential mortgage assets**—the sum of 1–4 family residential mortgages plus mortgage-backed securities.

**Return on assets (ROA)**—net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets.

**Return on equity (ROE)**—net income (including gains or losses on securities and extraordinary items) as a percentage of average total equity capital.

**Risk-based capital ratio**—total capital divided by risk weighted assets.

**Risk-weighted assets**—assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk weights that range from zero to 100 percent.

**Securities**—excludes securities held in trading accounts. Effective March 31, 1994 with the full implementation of

Financial Accounting Standard (FAS) 115, securities classified by banks as “held-to-maturity” are reported at their amortized cost, and securities classified a “available-for-sale” are reported at their current fair (market) values.

**Securities gains (losses)**—net pre-tax realized gains (losses) on held-to-maturity and available-for-sale securities.

**Total capital**—the sum of Tier 1 and Tier 2 capital. Tier 1 capital consists of common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries less goodwill and other ineligible intangible assets. Tier 2 capital consists of subordinated debt plus intermediate-term preferred stock plus cumulative long-term preferred stock plus a portion of a bank's allowance for loan and lease losses. The amount of eligible intangibles (including mortgage servicing rights) included in Tier 1 capital and the amount of the allowance included in Tier 2 capital are limited in accordance with supervisory capital regulations.

**Volatile liabilities**—the sum of large-denomination time deposits plus foreign-office deposits plus federal funds purchased plus securities sold under agreements to repurchase plus other borrowings. Beginning March 31, 1994, new reporting detail permits the exclusion of other borrowed money with original maturity of more than one year; previously, all other borrowed money was included. Also beginning March 31, 1994, the newly reported “trading liabilities less revaluation losses on assets held in trading accounts” is included.

